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Directive Number 112

**SURPLUS LINE BROKERS
COMPLIANCE WITH TITLE 22, PART XXVII, L.S.A.**

The Commissioner has noted that certain surplus line brokers and surplus line insurers have instituted a practice which appears to violate Part XXVII of Title 22 of the Louisiana Revised Statutes, particularly Sections 1257 and 1258, (copy attached).

With the approval of surplus line brokers, some surplus line insurers have been soliciting business and bypassing the surplus line broker. In some instances, and for a fee, some surplus line brokers have been providing companies the use of their facsimile stamp.

Surplus line brokers and insurers shall cease the violation noted above. All requirements of Part XXVII of Title 22, L.S.A., shall be adhered to. It is imperative that surplus line business be produced by and premiums paid to surplus line brokers, exclusively. In addition, surplus line brokers are required to keep and maintain records and a copy of the daily report, to account for all surplus line contracts produced from an unauthorized insurer. It is of particular concern to this office that those records reflect a breakdown of all premiums received from agents and brokers, and specific payments to agents and surplus line insurers in each transaction.

Directive Number 63 is hereby repealed.

James H. "Jim" Brown
COMMISSIONER OF INSURANCE